

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W
 ----- 122579

R 190746Z OCT 76
 FM AMEMBASSY MANILA
 TO USDA/FAS WASHDC
 INFO SECSTATE WASHDC 1628

UNCLAS MANILA 16197

FOR ASST. ADM. CEP AND DIRECTOR, EPD, CEP, OGSM PASS FAS,
 IMD DOUGLAS, (G&F), DAVIS (COT), FRINK (TOB)

SUBJECT: CCC CREDIT REQUESTS FOR FY 1977

REF: A. FASTO 128 B. FASTO 132 C. FASTO 133 D. TOFAS 162
 E. TOFAS 158

TOFAS 167.

1. TOBACCO. TOTAL REQUEST \$32,650,000. QUARTERLY ALLOCATION AS
 FOLLOWS:

	OCT-DEC	JAN-MAR	APR-JUNE	JULY-SEPT
	----- \$1,000 -----			
FORTUNE	\$4,000	\$4,500	\$5,000	\$4,500
LA SUERTE	1,980	2,145	2,475	1,900
COLUMBIA	1,200	1,300	1,500	
ASSOC. ANGLO AMER.	170	100	120	160
TOBACCO INDUSTRIES	170	100	120	160
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TOTAL	\$7,370	\$8,045	\$9,015	\$8,220

IMPORTS FY 76 AND PROJECTED FY 77

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QUANTITY	VALUE (FOB)
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METRIC TONS \$MILLION

FY 76

TOTAL	8,739	\$28.4
U.S.	7,798	27.3
TAIWAN	730	0.3
OTHER	211	0.9

FY 77

TOTAL	9,500	35.00
U.S.	8,700	34.13
TAIWAN	650	0.25
OTHER	150	0.62

BY EXTENDING CCC LINE FOR FY 1977, THE U.S. WILL CONTINUE TO MAINTAIN ITS DOMINANT SHARE OF THE MARKET AND ENSURE CONTINUED GROWTH IN IMPORTS.

2. COTTON. QUARTERLY ALLOCATIONS AS FOLLOWS: OCT-DEC \$9.5 MILLION, JAN-MAR \$10.0 MILLION, APRIL-JUNE \$8.0 MILLION, JULY-SEPTEMBER \$2.5 MILLION, TOTAL \$30.0 MILLION.

IMPORTS FY 76 AND PROJECTED FY 77

QUANTITY	VALUE (FOB)
METRIC TONS	\$1,000

FY 76

TOTAL	35,988	45,259
U.S.	28,314	33,721
MEXICO	2,076	2,714
USSR	870	3,530
OTHERS	4,728	5,294

FY 77

TOTAL	36,000	67,800
U.S.	28,500	53,670
MEXICO	1,000	1,890
USSR	2,500	4,710
CENTRAL AMERICA	2,000	3,765

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OTHER	2,000	3,765
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BASED ON CURRENT PRICES, IMPORTS COULD FALL WELL BELOW THE PROJECTED LEVEL DUE TO GREATER USE OF SYNTHETICS AND REDUCED OUTPUT OF FABRICS. THE US SHARE DROPPED SHARPLY DURING FY 76, MAINLY DURING THE LAST HALF OF THE YEAR. IN ABSENCE OF CCC, LITTLE IMPROVEMENT IN US SHARE IS EXPECTED. MILLS ARE NOW SHOPPING AROUND FOR BEST BUY. IMPORTS FROM USSR WILL INCREASE AND AS MILLS BECOME ACCUSTOMED

TO USING THIS COTTON COULD BE SIGNIFICANT SUPPLIER IN FUTURE.
AVAILABILITY OF CCC WILL HELP U.S. COTTON TO RECAPTURE SOME OF
LOST MARKET.

3. WHEAT. CANADIAN WHEAT BOARD DUE ARRIVE OCTOBER 22. HAVE
DISCUSSED CONTENTS REF FASTOS WITH NGA, DBP, AND CITY BANK.
GOP WILL NOT, REPEAT NOT HANDLE CWB CREDITS IN DIFFERENT MANNER
THAN CCC. BELIEVE DBP WOULD EXTEND 3-YEAR CREDIT TO NGA WHICH
WILL SATISFY NGA. IF NOT, GOOD POSSIBILITY CCC COULD BE HANDLED
AS SUGGESTED FASTO 133. BELIEVE NGA WILL NOT RESPOND OUR OFFER
FOR CCC LINE UNTIL AFTER VISIT CWB.

4. REF PARA 3 FASTO 132, REPAYMENT TERMS ESTABLISHED BY DBP:
TOBACCO, PAYMENTS GENERALLY MADE IN FULL TO DBP 6 MONTHS FROM
BILL OF LADING DATE.

COTTON, AND FOR LAST CCC LINE, MILLS GENERALLY REPAY DBP OVER
3-YEAR PERIOD BUT DEPENDS ON FINANCIAL CONDITION OF MILL. IF
CCC LINE GRANTED FOR FY 77, DBP HAS ASSURED, THAT ON NEED
BASIS, REPAYMENT BY MILLS WILL AGAIN BE OVER 3-YEAR PERIOD. THUS,
CCC LINE FOR FY 77 WILL NOT ONLY INCREASE US SHARE OF MARKET,
BUT WILL GENERALLY BENEFIT MILLS, HOLD UP USE OF COTTO, AND
WILL HAVE LONG RANGE BENEFITS IN HELPING MILLS IMPROVE THEIR
FINANCIAL POSITION AND HELP ENSURE THAT USE OF COTTON IN
FUTURE WILL INCREASE FROM PRESENT LEVELS.

5. APPRECIATE EARLY RESPONSE ON AVAILABILTY CCC FOR TOBACCO
AND COTTON. IN CASE OF COTTON, APARENTLY SOME SALES OF NON-US
GROWTHS BEING HELD UP PENDING WASHINGTON DECISION ON CCC FOR
COTTON.

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